



Value-Added Producer Grant (VAPG) Program – FY2005 Overview

Farmers, ranchers, foresters & fishers may receive USDA Rural Development matching grants for either **planning** or **working capital** purposes to implement value-added ventures – i.e., for marketing or processing projects that will add value to the commodities they produce or for on-farm renewable energy generation projects. The goal of the program is to increase the producer's share of revenue from the commodities they produce. In 2005, approximately **\$14.3 million is to be awarded** via a nationwide competition. Detailed information is on-line at: <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>

Authorized purposes

VAPG grants may be used for either Planning or Working Capital activities (but not both).

Planning grant – \$100,000 maximum per project

Eligible uses – feasibility analysis & market study; business plan; marketing plan (identification of market window, potential buyers, distribution system, & promotional campaigns); legal evaluations

Working Capital grant – \$150,000 maximum per project

Eligible uses – working capital needs before the project has sufficient cash flow – e.g., to purchase of inventory, office equipment & supplies; pay salaries, utilities, & office rents; legal & accounting costs; conduct marketing campaign.

NOTE: Working Capital grant applicants must have obtained an independent feasibility study on their proposal.

Eligible applicants

- Independent Producers (either individuals or business entities) – i.e., farmers, ranchers, foresters, & fishers – who produce & own their commodities
- Informal association of Independent Producers (If selected for funding, such “steering committees” are required to set up a formal, legal, business entity as a precondition of the VAPG grant.)
- Farmer or Rancher Cooperatives or Agricultural Producer Groups – consisting of or representing Independent Producers
- Majority-Controlled Producer-Based Business Ventures – legal business entity that is majority-owned by Independent Producers. (Note such applicants cumulatively may not receive more than 10% of VAPG funds.)

Eligible value-added proposals

The proposed “value-added” activity must increase the value realized by a producer for their agricultural commodity – either by an **increase in value of the commodity** or by the **expansion of the market** for the commodity – due to either:

1. Commodity processing – i.e., processing that changes the commodity's physical state.
2. Commodity segregation – i.e., physically separating the commodity from other similar commodities. This includes traceability and identity-preserved systems (e.g., GMO-free commodities or assuring varietal purity.)
3. Renewable energy – i.e., the production of farm-based renewable energy (wind, water, solar, bioenergy)
4. Differentiated production/marketing – i.e., creating a market identity that increases value (e.g., organic; locally-grown; branding; appellations). Proposals in this category are only eligible for Working Capital grants.

“Emerging market” requirement. The project must involve either a value-added product or a market outlet that *the applicant* has not traditionally supplied – i.e., not for more than 2 years. (Note: Independent Producer applicants are exempt from this requirement.)

FY2005 VAPG projects must be completed within 12 months of being awarded and not later than December 31, 2006.

Grant limitations

VAPG funds may *not* be used for:

- Agricultural production, harvesting, or commodity transportation
- Research & development (the specific value-added product must already be known & have a high probability of success)
- Real estate facility planning, design, engineering, acquisition, repair, improvement, or construction
- Machinery & equipment (other than office & computer equipment); vehicles or boats
- Grant application costs; lobbying
- Only one VAPG grant per applicant may be awarded in a fiscal year.
- A given project is restricted to not more than one Planning Grant plus one Working Capital Grant.

Matching requirement

Applicants must contribute cash or “in-kind” matching funds from non-Federal sources on a 1-for-1 basis (no larger match is required) during the term of the grant period.

Key processing dates

- April 22, 2005. Draft applications may be submitted to USDA Rural Development State Office for completeness review.
- May 6, 2005, 4 PM Eastern. Complete applications must be received at USDA Rural Development, Washington, DC.

Resources for preparing your VAPG application:

- FY2005 Notice of Solicitation of Applications (NOSA). This was published in the Federal Register on March 7, 2005. The NOSA governs the delivery of the VAPG program – including funds available, eligible applicants, authorized uses, required content of applications, application processing, evaluation criteria, and the national selection process:
<http://www.rurdev.usda.gov/rbs/coops/VAPG%202005%20NOFA.pdf>
- USDA's VAPG 2005 Grant Application Guide. Checklists & sample applications are included.
<http://www.rurdev.usda.gov/rbs/coops/2005%20Application%20Guide.pdf>
- Form SF 424, “Application for Federal Assistance (For Non-Construction)” – NOSA item #1 – is on-line at:
<http://www.whitehouse.gov/omb/grants/sf424.pdf>
Note: All applicants, except individuals & steering committees, must provide a “DUNS number”. The process for obtaining a DUNS number is explained at: http://www.whitehouse.gov/omb/grants/duns_num_guide.pdf
Note: #10 “Catalog Number” is 10.352, Value-Added Producer Grant
- Form SF 424A, “Budget Information – Non-Construction Programs” – NOSA item #2 – is on-line at:
<http://www.whitehouse.gov/omb/grants/sf424a.pdf>
- Form SF 424B, “Assurances – Non-Construction Programs” – NOSA item #3 – is on-line at:
<http://www.whitehouse.gov/omb/grants/sf424b.pdf>
- “Survey on Ensuring Equal Opportunity for Applicants” – NOSA item #4 (required for nonprofits *only*) – is on-line at:
http://www.hudclips.org/sub_nonhud/cgi/pdfforms/sf424sup.pdf
- “VAPG Proposal” – NOSA items #5-13 – is not a form. It consists of very specific, detailed, narrative & budget information about the proposal, as outlined in the NOSA. Note that the required content will vary depending on whether your proposal is a Planning Project or a Working Capital Project. A format is contained in the Grant Application Guide.

Priority Point System

Points	Planning Activity Proposals	Working Capital Activity Proposal
15	Viability of the venture – per State review	Business viability – per State review
10	Viability of the venture – per National review	Business viability – per National review
10	Qualifications of those doing work	Customer base & increased returns
10	Project leadership	Commitments & support
10	Commitments & support	Qualifications of the management team & work force
10	Work plan & budget	Work plan & budget
1	Request is for ≤\$50,000	Request is for ≤\$75,000
2	Project cost/owner-producer (≤\$25,000 ; ≤\$50,000)	Project cost/owner-producer (≤\$50,000 ; ≤\$100,000)
10	Community & industry support	Community & industry support
10	Business size (<\$100 million gross sales)	Business size (<\$100 million gross sales)
<10>	Received prior planning VAPG grant (negative pts)	Received prior working capital VAPG grant (negative pts)
5	Bio-energy component (≥51% of project cost)	Bio-energy component (≥51% of project cost)
5	USDA discretionary points (innovation; underserved areas; geographic distribution)	USDA discretionary points (innovation; underserved areas; geographic distribution)

Shaded points are awarded by independent review committees; other points awarded by USDA.

Submitting your application:

- Paper filing: Submit one (1) original and one (1) copy of your complete application to: Cooperative Services, Attn; VAPG Program, Room 4016, 1400 Independence Ave. SW, Washington DC 20250 – FedEx or UPS recommended.
- Electronic filing: Electronic filing via www.grants.gov after proper e-authentication. It is advisable to visit the site well in advance to ensure electronic submission is workable for the applicant.

A helpful value-added link: <http://www.agmrc.org/agmrc/business/gettingstarted/usdavaproductgrantresources.htm>